

Message Text

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ACTION EUR-12

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AMEMBASSY LISBON

AMEMBASSY TEHRAN

C O N F I D E N T I A L EC BRUSSELS 6598

E.O. 11652: GDS

TAGS: EEC, PO, ENRG, UN, IR

SUBJECT: PRE-HOLIDAY TOUR D'HORIZON WITH SOAMES

1. AT SIR CHRISTOPHER SOAMES' REQUEST, WE HAD A PRE-VACATION REVIEW JULY 21 OF MATTERS OF MUTUAL INTEREST. FOLLOWING ARE HIGHLIGHTS.

2. EUROPEAN COUNCIL.

SOAMES SAID SOME OF THE BLAME FOR THE CONFUSION AND LIMITED PROGRESS AT THE JULY 16-17 EUROPEAN COUNCIL MEETING WAS DUE TO POOR PERFORMANCE BY MORO. HE DID NOT USE THE CHAIR EFFECTIVELY TO GUIDE AND MOVE THE DISCUSSION. HOWEVER, SOAMES DOES NOT DRAW ANY LONGER-TERM CONCLUSIONS ABOUT THE ITALIAN CHAIRMANSHIP BECAUSE HE THINKS RUMOR MAY BE BETTER, AND HE IS SURE LOCAL ITALIAN AMBASSADOR BOMBASSEI WILL DO A GOOD JOB WITH THE PERMANENT REPRESENTATIVES.

ON PORTUGAL, SOAMES SAID HE WOULD LIKE TO HAVE SECRETARY KISSINGER INFORMED THAT THE HEADS OF GOVERNMENT AGREED TO WARN BREZHNEV IN THE MARGIN OF THE HELSINKI MEETING ABOUT THE SOVIET UNION NOT INTERFERING IN THE CHAOTIC SITUATION IN LISBON.

SOAMES SAID THE EUROPEAN LEADERS DID NOT CONSIDER THAT THE TIME
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HAD COME TO "GIVE UP" ON PORTUGAL. THEY RECOGNIZED THE POLI-

TICAL SITUATION WAS AT BEST UNSTABLE AND THE PROGNOSIS NOT GOOD. HOWEVER, SOAMES WAS ENCOURAGED BY THE CURRENT ANTI-COMMUNIST SENTIMENT BEING DISPLAYED. IF THE SO-CALLED MODERATE FORCES SHOULD GAIN THE ASCENDENCY, HE FELT THAT BOTH EUROPE AND THE UNITED STATES WOULD HAVE TO COME FORWARD WITH SUBSTANTIAL ECONOMIC ASSISTANCE. IN THE MEANTIME, HE THOUGHT THE EUROPEAN COUNCIL HAD DONE THE BEST IT COULD UNDER THE CIRCUMSTANCES.

ON THE PRODUCER-CONSUMER DIALOGUE, SOAMES CONFIRMED THE EC AGREEMENT HAD BEEN TO TRY TO RELAUNCH THE PREPCON AT THE END OF SEPTEMBER OR EARLY OCTOBER. HE SAID THE CONFUSION GENERATED BY THE MORO PRESS CONFERENCE PERHAPS AROSE FROM THE FACT THAT THE ANNOUNCEMENT ABOUT RECONVENING THE PREPCON MIGHT BE MADE BY THE END OF AUGUST OR EARLY SEPTEMBER. GISCARD TOOK THE LINE THAT A PREPCON MEETING BEFORE THE OPEC SESSION IN SEPTEMBER WOULD APPEAR TO BE TAKING AWAY THE PLAY FROM THE PRODUCERS. HE ALSO CONFIRMED THE MID-NOVEMBER OR EARLY-DECEMBER TIMETABLE FOR CONVENING THE FULL CONFERENCE.

3. SEVENTH SPECIAL SESSION OF THE GENERAL ASSEMBLY.
ONE OF THE CASUALTIES OF MORO'S POOR CHARIMANSHIP WAS THE DISCUSSION OF RAW MATERIALS AND THE UN SEVENTH SPECIAL SESSION. AT THE LUNCHEON MEETING WHERE THIS SUBJECT WAS TAKEN UP, THE DISCUSSION CONSISTED OF SCHMIDT'S PRESENTATION ON STABILIZATION OF EXPORT EARNINGS, WILSON'S RE-PLAY OF THE POSITION PRESENTED TO THE COMMONWEALTH AT JAMAICA, AND GISCARD'S PITCH IN FAVOR OF COMMODITY STABILIZATION. I TOOK THE OCCASION TO DISCUSS SECRETARY KISSINGER'S MILWAUKEE SPEECH AND THE US APPROACH TO THE SEVENTH SPECIAL SESSION ALONG THE LINES OF STATE 170841 (SEE SEPTTEL). SOAMES RECALLED THAT HE HAD ALREADY SPOKEN OUT PUBLICLY ALONG THE SAME LINES (EC BRUSSELS 6081).

4. IRAN. AFTER SOAMES HAD EXPRESSED SATISFACTION ABOUT THE NEGOTIATIONS FOR COOPERATION AGREEMENTS WITH MEXICO AND CANADA, WE HAD A BRIEF EXCHANGE ABOUT THE SITUATION WITH RESPECT TO IRAN. SOAMES SAID THE SHAH AND HIS REPRESENTATIVES WERE STILL PRESSING FOR A PREFERENTIAL AGREEMENT. THE COMMISSION WAS CONTINUING TO RESIST, AND WAS HOPING TO DEMONSTRATE THAT IRAN COULD OBTAIN EVERYTHING IT WANTED THROUGH THE GSP AND A COOPERATION AGREEMENT. HOWEVER, IF THE IRANIANS TURNED DOWN THE CURRENT
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COMMISSION'S SUGGESTIONS, IT WOULD BE VERY HARD TO HOLD THE LINE WITHIN THE EC. ALTHOUGH THE GERMAN-IRANIAN REFINERY DEAL SEEMS TO HAVE FALLEN THROUGH, IT WILL STILL BE DIFFICULT TO GET THE MEMBER STATES TO SAY NO TO A PREFERENTIAL AGREEMENT IF THE IRANIANS PERSIST. SOAMES URGED THAT WE MAKE REPRESENTATIONS IN TEHRAN TO CONVINCE THE IRANIANS TO ACCEPT THE PROPOSALS CURRENTLY BEING PUT FORWARD BY THE COMMISSION.

5. CANNED HAMS. OF THE US/EC BILATERAL ISSUES, THE CANNED HAM COUNTERVAILING DUTY CASE IS THE ONE WHICH IS MOST WORRYING TO SOAMES. HE RECALLED THAT HE HAD RAISED THIS MATTER IN THE MEETING WITH PRESIDENT FORD AND SECRETARY KISSINGER ON MAY 30. IN ORDER TO AVOID A REPEAT OF THE CHEESE SITUATION, SOAMES URGED THAT THE ISSUE BE SETTLED AT A POLITICAL LEVEL IN THE NEXT FEW MONTHS INSTEAD OF WAITING FOR THE END OF THE SIX-MONTH PERIOD. (SOAMES ALSO RAISED THE COUNTERVAILING DUTY ISSUE WITH SIR DEPUTY AMBASSADOR WALKER--SEE SEPTTEL.)

6. SOAMES' FUTURE PLANS. IN THE COURSE OF A DISCUSSION OF THE ECONOMIC AND POLITICAL SITUATION IN BRITAIN, SOAMES INDICATED HE HAD DECIDED HE COULD DO MORE GOOD STAYING ON IN BRUSSELS THAN RETURNING TO BRITISH POLITICS. HIS CALCULATION IS THAT WILSON WILL, IF AT ALL POSSIBLE, AVOID HOLDING AN ELECTION UNTIL 1977. ASSUMING THERE IS NO ELECTION DURING THIS PERIOD, SOAMES WOULD RATHER CONTINUE HIS WORK IN THE EUROPEAN COMMISSION THAN TAKE A JOB IN HM'S OPPOSITION.GREENWALD

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